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SIPDIS

AMEMBASSY ASTANA PASS TO USOFFICE ALMATY

AMEMBASSY HELSINKI PASS TO AMCONSUL ST PETERSBURG

AMEMBASSY MOSCOW PASS TO AMCONSUL VLADIVOSTOK

AMEMBASSY MOSCOW PASS TO AMCONSUL YEKATERINBURG

AMEMBASSY BELGRADE PASS TO AMEMBASSY PODGORICA

AMEMBASSY ATHENS PASS TO AMCONSUL THESSALONIKI

E.O. 12958: DECL: 2019/07/01

TAGS: [PHUM](#) [PGOV](#) [PREL](#) [ELAB](#) [USTR](#) [UZ](#)

SUBJECT: Uzbekistan: Post Concerns over GSP-related Proposed Actions

CLASSIFIED BY: Holly Lindquist Thomas, P/E Officer, Department of State, Pol-Econ Office; REASON: 1.4(B), (D)

From Ambassador Norland

¶1. (C) As part of the review of Uzbekistan for the Generalized Systems of Preferences (GSP), the Department of Labor (DOL) and the U.S. Trade Representative (USTR) have proposed to withdraw or limit GSP benefits if the GOU does not take certain actions related to child labor in the cotton sector. I believe this approach would be counterproductive. The goal of abolishing child labor in Uzbekistan is undeniably important. However, the threat of sanctions is not likely to work in this case, and could lead to retaliation in completely unrelated areas. Furthermore, this "name and shame" approach is inconsistent with President Obama's position of encouraging engagement whenever possible, even with regimes with whom we have been reluctant to engage in the past.

¶2. (C) Child labor in the cotton sector is a well-documented problem in Uzbekistan. Multiple stakeholders, including governments, NGOs, industry trade organizations, and socially responsible investment firms are involved in trying to pressure the GOU to do away with this long-standing practice. Recognizing this wide-scale involvement, our position has been to support the multilateral process and to encourage the GOU to work with international organizations, particularly the UN (through UNICEF) and the International Labor Organization (ILO) to address the problem. For example, we have been working hard at convincing the GOU to allow the ILO to perform an independent assessment of the child labor problem during the fall cotton harvest. The GOU at times has seemed ready to move forward on this issue, for example by adopting a National Action Plan last fall, and at times seems reticent to even admit there is a problem, as at a recent meeting on the issue in Geneva. But we have heard that the private sector boycott of Uzbek cotton is having some effect, and if that is indeed the case, the GOU will have even more reason to address the issue head on. Our concern is that threats to withdraw or limit GSP benefits if certain steps (like the ILO assessment) are not taken are overly heavy-handed, and will undermine our efforts to encourage a multilateral process rather than a bilateral one. Indeed, Post believes this kind of approach is more likely to

result in the GOU digging in its heels and refusing to "bow to U.S. pressure" for an independent assessment than it is to encourage acceptance of an ILO team.

¶3. (C) Undersecretary Burns is scheduled to come to Uzbekistan in just over a week, which is an opportunity to quietly push the GOU on this issue. We believe this face-to-face interaction is a great opportunity to make progress on these and other areas, and will be much better received than will a strong demarche threatening sanctions.

¶4. (C) Child labor in the cotton sector is a long-standing problem in Uzbekistan, and abolishing it will require reforms across the agricultural sector. We are working to encourage these reforms, and we hope that forward progress will be observed in the fall harvest. However, revoking GSP will not solve the child labor problem, and it may make things harder on a host of other issues that are also important to our policy objectives in Uzbekistan.

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